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December 9, 2004

President's Committee for Purchase From People
Who Are Blind or Severely Disabled
1421 Jefferson Davis Highway
Jefferson Plaza 2, Suite 10800
Arlington, VA 22202-3259

Attn: Mr. John Heyer

RE: Comments to the Proposed Rules Regarding the Javits-Wagner-O'Day
Program

Dear Mr. Heyer:

On behalf of Goodwill Industries of the Valleys, Inc., I am writing to express my opposition to the proposed notice of rulemaking [Docket No. 2004-01-01] from the President's Committee for Purchase From People Who Are Blind or Severely Disabled. The proposed rulemaking on governance standards for central nonprofit agencies and nonprofit agencies participating in the Javits-Wagner-O'Day (JWOD) Program exceeds the scope of the Committee's authority and Congressional mandate.

Goodwill Industries of the Valleys, Inc. operates in 31 counties in Western Virginia and in the 2004 FY served 1,337 individuals with employment barriers of which over 600 were people with severe disabilities. The organization will generate nearly \$25 million in annual revenues this fiscal year with the bulk of those funds coming through the recycling and reselling of donated household materials. Currently, Goodwill Industries of the Valleys, Inc. operates five NISH janitorial contracts with a total revenue of \$566,000 which equates to 2.3% of our operation. In the course of a year Goodwill will serve approximately 25 individuals in these jobs with 20 people of that total having disabilities.

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Goodwill Industries of the Valleys, Inc. is a member organization of Goodwill Industries International (GII) and supports the position taken by our member service center to urge the Committee for Purchase to withdraw the proposed rules which may deter qualified 501(c)3 organizations from accepting NISH contracts. The authorizing statute for the JWOD program clearly delineates the powers and responsibilities of the Committee (41 CFR 51-2.2, 41 U.S.C. § 46). These powers and responsibilities do not extend to governance standards or executive compensation. Both Congress and the Internal Revenue Service (IRS) have jurisdiction over these areas. I understand that the Committee is mandated with determining which commodities and services should be on the Committee's procurement list and fair market prices, and informing federal agencies about the JWOD Program.

As a participating JWOD agency, I hope that the Committee would comply fully with the Congressional intent to provide employment and training opportunities for persons who are blind or have other severe disabilities and not delve into areas for which it lacks both the Congressional and statutory authority necessary to promulgate governance and other standards. The proposed rules will impact the entire community of participating nonprofit agencies, despite the Committee's own comment that the overwhelming majority of JWOD-affiliates central nonprofits agencies and nonprofit agencies operating in a ethical and accountable manner. If all nonprofit organizations were restricted to specific compensation levels, then it is reasonable to conclude that those organizations would not be able to hire and retain the talent needed to operate these larger, complex organizations such as we see in Goodwill.

The statutory authority and regulations, as well as the legislative history, in addition to the applicable federal case law, do not support the Committee's actions. Furthermore I have difficulty understanding the reason for the Committee to purport to assume regulatory authority over the governance standards for nonprofit, tax-exempt 501(c)3 organizations, because numerous federal entities exist to regulate our industry.

I believe that the proposed rules do not advance the Congressional intent of the enacting JWOD legislation, and would, if adopted, diminish the program's ability to increase employment opportunities for the blind and disabled. Please withdraw these rules.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Phipps", written in a cursive style.

Bruce Phipps
President and CEO

cc: Judy Branzelle, Staff Attorney, GII
George W. Kessinger, President & CEO, GII